

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



November 24, 2015

Keith Richardson
Superintendent
Rankin Independent School District
P.O. Box 90
Rankin, Texas 79778

Dear Superintendent Richardson:

On August 26, 2015, the Comptroller issued written notice that ETC Texas Pipeline, LTD (the applicant) submitted a completed application (Application #1080) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on June 25, 2015, to the Rankin Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1080.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of August 26, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, director of Data Analysis and Transparency, by email at Korry.Castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of ETC Texas Pipeline, LTD (the project) applying Rankin Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of ETC Texas Pipeline.

Applicant	ETC Texas Pipeline, LTD
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Rankin ISD
2014-15 Enrollment in School District	247
County	Upton
Proposed Total Investment in District	\$105,000,000
Proposed Qualified Investment	\$105,000,000
Limitation Amount	\$20,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	-
Average weekly wage of qualifying jobs committed to by applicant	\$1,040.68
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,040.68
Minimum annual wage committed to by applicant for qualified jobs	\$54,116
Minimum weekly wage required for non-qualifying jobs	n/a
Minimum annual wage required for non-qualifying jobs	n/a
Investment per Qualifying Job	\$10,500,000
Estimated M&O levy without any limit (15 years)	\$10,670,400
Estimated M&O levy with Limitation (15 years)	\$4,648,801
Estimated gross M&O tax benefit (15 years)	\$6,021,599

Table 2 is the estimated statewide economic impact of ETC Texas Pipeline, LTD (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	185	220	405	\$10,011,460	\$17,988,540	\$28,000,000
2017	10	54	64	\$541,160	\$5,458,840	\$6,000,000
2018	10	45	55	\$541,160	\$4,458,840	\$5,000,000
2019	10	37	47	\$541,160	\$4,458,840	\$5,000,000
2020	10	33	43	\$541,160	\$4,458,840	\$5,000,000
2021	10	31	41	\$541,160	\$4,458,840	\$5,000,000
2022	10	30	40	\$541,160	\$4,458,840	\$5,000,000
2023	10	30	40	\$541,160	\$4,458,840	\$5,000,000
2024	10	30	40	\$541,160	\$4,458,840	\$5,000,000
2025	10	31	41	\$541,160	\$4,458,840	\$5,000,000
2026	10	32	42	\$541,160	\$4,458,840	\$5,000,000
2027	10	32	42	\$541,160	\$4,458,840	\$5,000,000
2028	10	33	43	\$541,160	\$5,458,840	\$6,000,000
2029	10	34	44	\$541,160	\$5,458,840	\$6,000,000
2030	10	35	45	\$541,160	\$5,458,840	\$6,000,000
2031	10	36	46	\$541,160	\$6,458,840	\$7,000,000
2032	10	37	47	\$541,160	\$6,458,840	\$7,000,000

Source: CPA, REMI, ETC Texas Pipeline, LTD

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Rankin ISD I&S Levy	Rankin ISD M&O Levy	Rankin ISD M&O and I&S Tax Levies	Upton County	Rankin Hospital District	Rankin Fire District	Upton County Water District	Estimated Total Property Taxes
			Tax Rate ¹	0.0363	1.0400		0.2567	0.150499	0.0108	0.0038	
2015	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$95,000,000	\$95,000,000		\$34,485	\$988,000	\$1,022,485	\$243,865	\$142,974	\$10,260	\$3,610	\$1,423,194
2018	\$91,200,000	\$91,200,000		\$33,106	\$948,480	\$981,586	\$234,110	\$137,255	\$9,850	\$3,466	\$1,366,266
2019	\$87,400,000	\$87,400,000		\$31,726	\$908,960	\$940,686	\$224,356	\$131,536	\$9,439	\$3,321	\$1,309,339
2020	\$83,600,000	\$83,600,000		\$30,347	\$869,440	\$899,787	\$214,601	\$125,817	\$9,029	\$3,177	\$1,252,411
2021	\$79,800,000	\$79,800,000		\$28,967	\$829,920	\$858,887	\$204,847	\$120,098	\$8,618	\$3,032	\$1,195,483
2022	\$76,000,000	\$76,000,000		\$27,588	\$790,400	\$817,988	\$195,092	\$114,379	\$8,208	\$2,888	\$1,138,555
2023	\$72,200,000	\$72,200,000		\$26,209	\$750,880	\$777,089	\$185,337	\$108,660	\$7,798	\$2,744	\$1,081,627
2024	\$68,400,000	\$68,400,000		\$24,829	\$711,360	\$736,189	\$175,583	\$102,941	\$7,387	\$2,599	\$1,024,700
2025	\$64,600,000	\$64,600,000		\$23,450	\$671,840	\$695,290	\$165,828	\$97,222	\$6,977	\$2,455	\$967,772
2026	\$60,800,000	\$60,800,000		\$22,070	\$632,320	\$654,390	\$156,074	\$91,503	\$6,566	\$2,310	\$910,844
2027	\$57,000,000	\$57,000,000		\$20,691	\$592,800	\$613,491	\$146,319	\$85,784	\$6,156	\$2,166	\$853,916
2028	\$53,200,000	\$53,200,000		\$19,312	\$553,280	\$572,592	\$136,564	\$80,065	\$5,746	\$2,022	\$796,989
2029	\$49,400,000	\$49,400,000		\$17,932	\$513,760	\$531,692	\$126,810	\$74,347	\$5,335	\$1,877	\$740,061
2030	\$45,600,000	\$45,600,000		\$16,553	\$474,240	\$490,793	\$117,055	\$68,628	\$4,925	\$1,733	\$683,133
2031	\$41,800,000	\$41,800,000		\$15,173	\$434,720	\$449,893	\$107,301	\$62,909	\$4,514	\$1,588	\$626,205
			Total	\$372,438	\$10,670,400	\$11,042,838	\$2,633,742	\$1,544,120	\$110,808	\$38,988	\$15,370,496

Source: CPA, ETC Texas Pipeline, LTD

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Upton County, Rankin Hospital and Fire Districts; and the Upton County Water District, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county, and hospital district.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Rankin ISD I&S Levy	Rankin ISD M&O Levy	Rankin ISD M&O and I&S Tax Levies	Upton County	Rankin Hospital District	Rankin Fire District	Upton County Water District	Estimated Total Property Taxes
				0.0363	1.0400		0.2567	0.150499	0.0108	0.0038	
2015	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$95,000,000	\$20,000,000		\$34,485	\$208,000	\$242,485	\$121,933	\$142,974	\$10,260	\$3,610	\$521,262
2018	\$91,200,000	\$20,000,000		\$33,106	\$208,000	\$241,106	\$117,055	\$137,255	\$9,850	\$3,466	\$508,731
2019	\$87,400,000	\$20,000,000		\$31,726	\$208,000	\$239,726	\$112,178	\$131,536	\$9,439	\$3,321	\$496,201
2020	\$83,600,000	\$20,000,000		\$30,347	\$208,000	\$238,347	\$107,301	\$125,817	\$9,029	\$3,177	\$483,670
2021	\$79,800,000	\$20,000,000		\$28,967	\$208,000	\$236,967	\$102,423	\$120,098	\$8,618	\$3,032	\$471,140
2022	\$76,000,000	\$20,000,000		\$27,588	\$208,000	\$235,588	\$195,092	\$114,379	\$8,208	\$2,888	\$556,155
2023	\$72,200,000	\$20,000,000		\$26,209	\$208,000	\$234,209	\$185,337	\$108,660	\$7,798	\$2,744	\$538,747
2024	\$68,400,000	\$20,000,000		\$24,829	\$208,000	\$232,829	\$175,583	\$102,941	\$7,387	\$2,599	\$521,340
2025	\$64,600,000	\$20,000,000		\$23,450	\$208,000	\$231,450	\$165,828	\$97,222	\$6,977	\$2,455	\$503,932
2026	\$60,800,000	\$20,000,000		\$22,070	\$208,000	\$230,070	\$156,074	\$91,503	\$6,566	\$2,310	\$486,524
2027	\$57,000,000	\$57,000,000		\$20,691	\$592,800	\$613,491	\$146,319	\$85,784	\$6,156	\$2,166	\$853,916
2028	\$53,200,000	\$53,200,000		\$19,312	\$553,280	\$572,592	\$136,564	\$80,065	\$5,746	\$2,022	\$796,989
2029	\$49,400,000	\$49,400,000		\$17,932	\$513,760	\$531,692	\$126,810	\$74,347	\$5,335	\$1,877	\$740,061
2030	\$45,600,000	\$45,600,000		\$16,553	\$474,240	\$490,793	\$117,055	\$68,628	\$4,925	\$1,733	\$683,133
2031	\$41,800,000	\$41,800,000		\$15,173	\$434,720	\$449,893	\$107,301	\$62,909	\$4,514	\$1,588	\$626,205
			Total	\$372,438	\$ 4,648,801	\$ 5,021,238	\$ 2,072,853	\$ 1,544,120	\$ 110,808	\$ 38,988	\$ 8,788,006
			Difference	\$ -	\$ 6,021,599	\$ 6,021,600	\$ 560,890	\$ -	\$ -	\$ -	\$ 6,582,490

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, ETC Texas Pipeline, LTD

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller's determination that ETC Texas Pipeline, LTD (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$208,000	\$208,000	\$780,000	\$780,000
	2018	\$208,000	\$416,000	\$740,480	\$1,520,480
	2019	\$208,000	\$624,000	\$700,960	\$2,221,440
	2020	\$208,000	\$832,000	\$661,440	\$2,882,880
	2021	\$208,000	\$1,040,000	\$621,920	\$3,504,800
	2022	\$208,000	\$1,248,000	\$582,400	\$4,087,200
	2023	\$208,000	\$1,456,000	\$542,880	\$4,630,080
	2024	\$208,000	\$1,664,000	\$503,360	\$5,133,440
	2025	\$208,000	\$1,872,000	\$463,840	\$5,597,280
	2026	\$208,000	\$2,080,000	\$424,320	\$6,021,600
Maintain Viable Presence (5 Years)	2027	\$592,800	\$2,672,800	\$0	\$6,021,600
	2028	\$553,280	\$3,226,080	\$0	\$6,021,600
	2029	\$513,760	\$3,739,840	\$0	\$6,021,600
	2030	\$474,240	\$4,214,080	\$0	\$6,021,600
	2031	\$434,720	\$4,648,800	\$0	\$6,021,600
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$395,200	\$5,044,000	\$0	\$6,021,600
	2033	\$355,680	\$5,399,680	\$0	\$6,021,600
	2034	\$316,160	\$5,715,840	\$0	\$6,021,600
	2035	\$276,640	\$5,992,480	\$0	\$6,021,600
	2036	\$247,000	\$6,239,480	\$0	\$6,021,600
	2037	\$247,000	\$6,486,480	\$0	\$6,021,600
	2038	\$247,000	\$6,733,480	\$0	\$6,021,600
	2039	\$247,000	\$6,980,480	\$0	\$6,021,600
	2040	\$247,000	\$7,227,480	\$0	\$6,021,600
	2041	\$247,000	\$7,474,480	\$0	\$6,021,600

\$7,474,480

is greater than

\$6,021,600

Analysis Summary

Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, ETC Texas Pipeline, LTD

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **determines** that the limitation on appraised value is a determining factor in the ETC Texas Pipeline, LTD’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- The applicant has an abundant amount of investment in the Rankin area including pipelines terminating at the proposed site.
- The applicant has four additional natural gas processing plants located in Texas.
- Infrastructure already in place for the nearby “Rebel Plant” allows for easy integration of the proposed Rankin ISD facility (Panther Plant).
- The applicant intends to start construction in December 2015 and hiring in January 2016 but looks to start its limitation in 2017
- Based on information provided in Amended Tab 5, “As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Panther Plant economics...”

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

Tab 5 Limitation as Determining Factor w/ability to locate or relocate:

ETC Texas Pipeline, LTD (or “the Company”) is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 4 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana.

As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Panther Plant economics just as potential customer response will be. Both factors will be considered before any determination is made. Moreover, multiple other potential projects are presently competing for the same capital expenditures by our company, including possible plants in Louisiana that would be eligible for a 10-year, 100% property tax abatement under that state’s Industrial Tax Exemption program (and for state sales tax incentives). Other competing projects are also under review that would be located in Southern New Mexico or Oklahoma, the latter of which state has also offered manufacturing exemptions for a period of five (5) years.

App #1080 DCF Model(s) Information

The discounted cash flow models (DCF) represent scenarios demonstrating the difference in total business enterprise value of the Panther Plant both with the 313 limitation and without the 313 limitation. For comparative purposes, both models follow the same assumptions (revenue growth, expense growth, mid-year cash flows, etc.) other than the discount rate. The discount rate for the "without" scenario was increased from 10% to 11% to account for the additional risk associated with the lower EBITDA margins.

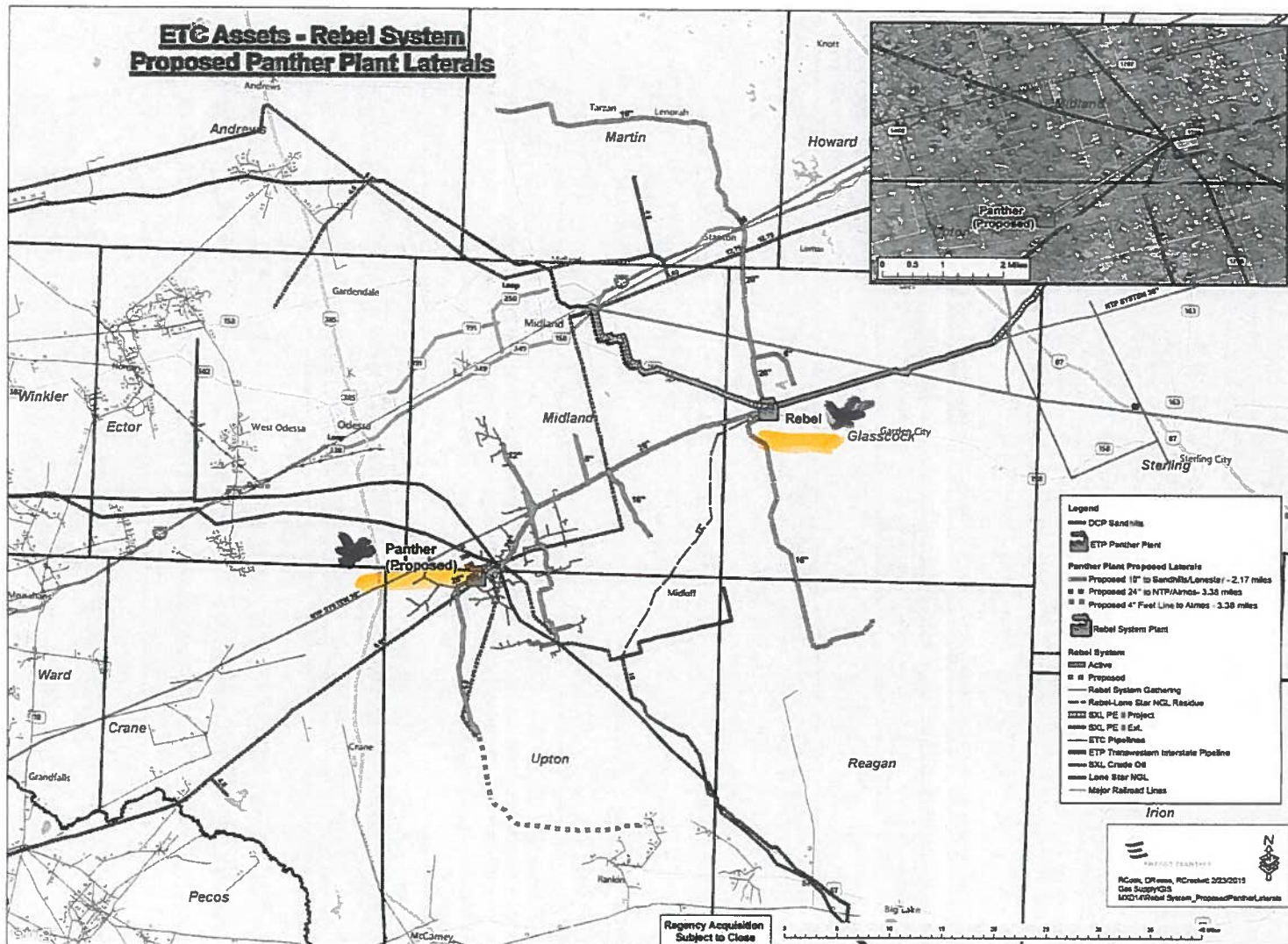
The DCF models show that the total business enterprise value with the 313 limitation is \$25,580,667 greater than the total business enterprise value without the 313 limitation. 27.84% of the total business enterprise value comes from the cash flows and 72.16% comes from the terminal value with the 313 limitation, while 24.22% of the total business enterprise value comes from the cash flows and 75.78% comes from the terminal value without the 313 limitation. The increased value of the cash flow and lower terminal value with the 313 limitation suggests that there is more value in the short-term under this scenario. When the terminal value is a higher percentage of the total business enterprise value (without the 313 limitation), future fluctuations due to pricing, supply and demand, and/or interest rate movements can increase or decrease risk and have a more significant impact on the total business enterprise value.

The information used to develop the DCF models was obtained from company management, and is not publicly available. The information may be considered proprietary and is forward looking and may include some speculation made by company management. Therefore any use or sharing of this information outside of K.E. Andrews or the TX PTAD is prohibited.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

ETC Assets - Rebel System Proposed Panther Plant Laterals



Potential Plant Site

Panther Plant

Legend

 Proposed Site and Reinvestment Zone

Proposed Site and Reinvestment Zone

Google earth

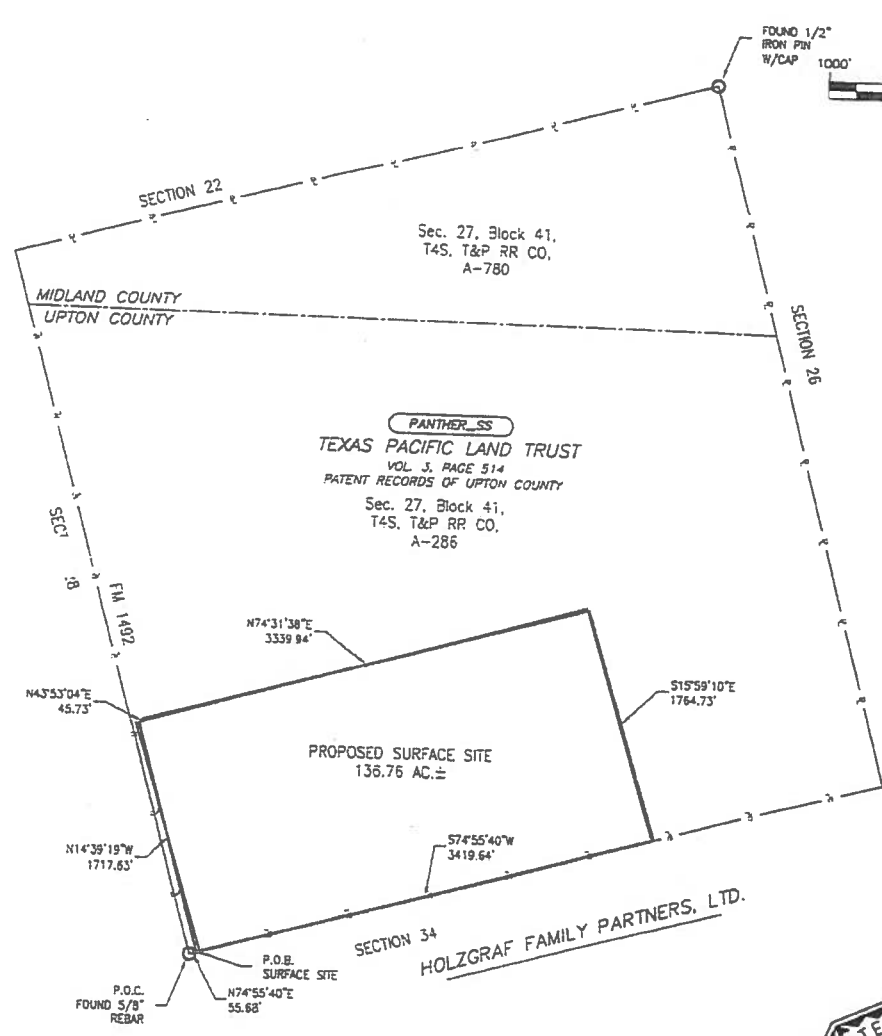
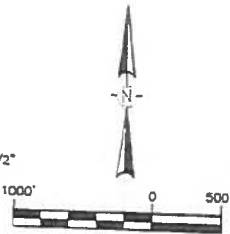
2015 Google

1482

3000 ft

N

UPTON COUNTY, TEXAS
SECTION 27, BLOCK 41, TOWNSHIP 4 SOUTH
T&P R.R. CO., A-780 & A-286



RZ Boundary

Notes

1. This plat was prepared without the benefit of a current Title Report. All deeds were provided by the client and may not reflect current ownership. No records of easements or right of ways were provided except as shown. No other research was performed by the undersigned surveyor.
2. All bearings and distances contained herein are grid, based on the Texas State Plane Coordinate System, Central Zone (4203) US Survey feet, North American Datum of 1983 (NAD83) and derived from an on-the-ground survey.
3. This survey was performed under my supervision for the specific purpose of establishing a BASELINE mapping selected features and locating necessary land lines for easement acquisition for a gas pipeline and do not constitute the results of a full boundary survey.
4. See Exhibit "A" for the description.



Exhibit "B"

Area of Surface Site: 5,957,429 sq. ft. (136.76 ac.±)

[Signature] 02/13/15
 Larry Turman
 Registered Professional Land Surveyor
 Texas Registration No. 1740

Golden Field Services
 (818) 818-0014
 #10183200

PIPELINE, STATION, OR ACCOUNT NUMBER		SCALE 1"=1000'	CONST. YR.	ETC TEXAS PIPELINE, LTD. HOUSTON, TEXAS	PROJECT NO.
FILENUMBER	CADD FILENAME		DRAWN MM		
			DATE 2/03/15		
REV. NO. - DESCRIPTION	BY	DATE	APP.	PROPOSED SURFACE SITE TEXAS PACIFIC LAND TRUST UPTON COUNTY, TEXAS	PREVIOUS DWG. NO. SHT. OF DWG. NO. PANTHER_SS SHT. 1 OF 2
1 ENLARGE SITE	DB	2-17-15			

ENERGY TRANSFER

Google Maps FM1492



Image capture: Feb 2013 © 2015 Google

Odessa, Texas

Street View - Feb 2013



Google Maps

FM1492

NW Corner of property



Image capture: Feb 2013 © 2015 Google

Odessa, Texas

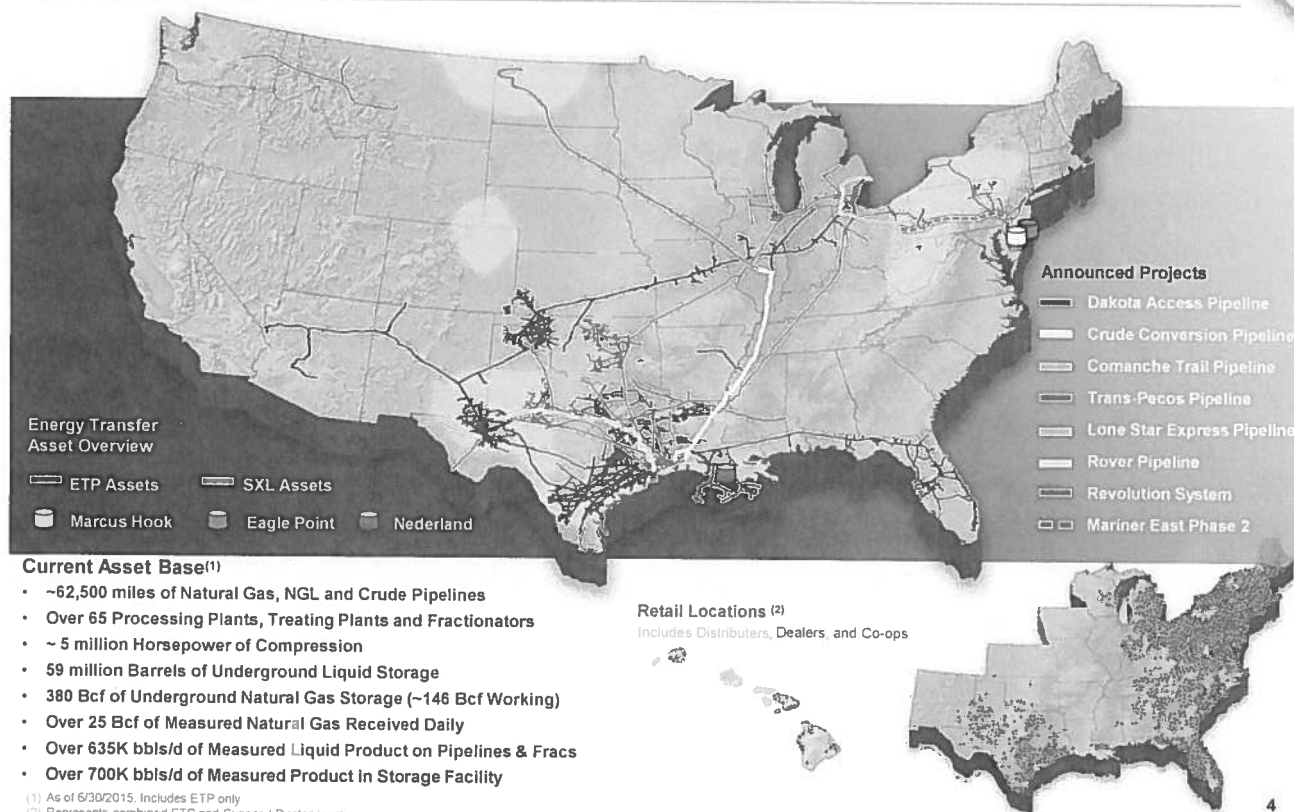
Street View - Feb 2013

ENERGY TRANSFER PARTNERS CITI CONFERENCE

August 19-20, 2015

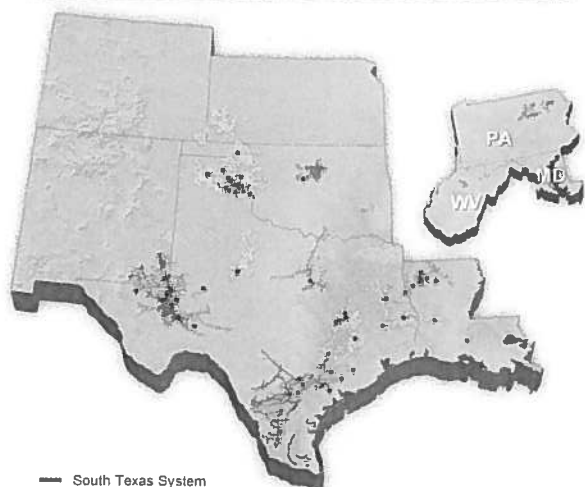
ENERGY TRANSFER

ASSET OVERVIEW



MIDSTREAM ASSETS

Midstream Asset Map



- South Texas System
- Permian System
- Rich Eagle Ford System
- North Texas System
- Northern Louisiana Assets
- Northeast System
- MidCon System
- Southeast Texas/South Louisiana System
- Area Plants/Treaters

Midstream Highlights

- Expected to be a strong and growing contributor to our business as more than \$5 billion of growth projects ramp up to full capacity
 - Eagle Ford: Adding new processing plants to increase capacity to over 2.0 Bcf/d
 - West Texas: Recently added over 400 MMcf/d of processing capacity
 - North Louisiana: Added a new 200 MMcf/d processing plant
 - Utica Ohio River 36-inch pipeline will come online in Q3 2015
 - Revolution project adds significant pipeline and plant capacity
- Projects placed in service have been underpinned by long-term, fee-based contracts
 - Most contracts are 10 years or more in duration
 - 80%+ fee-based contracts

Midstream Asset Summary

Current Operating Statistics			
	Processing Capacity (Bcf/d)	Treating Capacity (Bcf/d)	Basins Served
Permian	1.3	1.6	Permian, Midland, Delaware
MidContinent / Panhandle	0.9	0.4	Granite Wash, Cleveland
North Texas	0.8	0.1	Barnett, Woodford
South Texas	2.0	2.8	Eagle Ford
North Louisiana	0.8	0.6	Haynesville, Cotton Valley
Southeast Texas	0.4	-	Eagle Ford, Eaglebine
Eastern	-	-	Marcellus, Utica

~33,000 miles of gathering pipelines with over 6.0 Bcf/d of processing capacity
80%+ fee-based contracts

8

LIQUIDS TRANSPORTATION AND SERVICES

Lone Star NGL Storage

- ~53 million barrels NGL storage
- Permitted to drill additional 8 caverns

Lone Star Pipeline Transportation

- 2,000+ miles of NGL Pipelines
- ~ 400 Mbpd of raw make transport capacity
- Expanding capacity to 700 Mbpd
- 210 Mbpd LPG export terminal
- 80 Mbpd of Diluent export capacity
- Extensive Houston Ship Channel pipeline network

Lone Star Fractionation and Processing

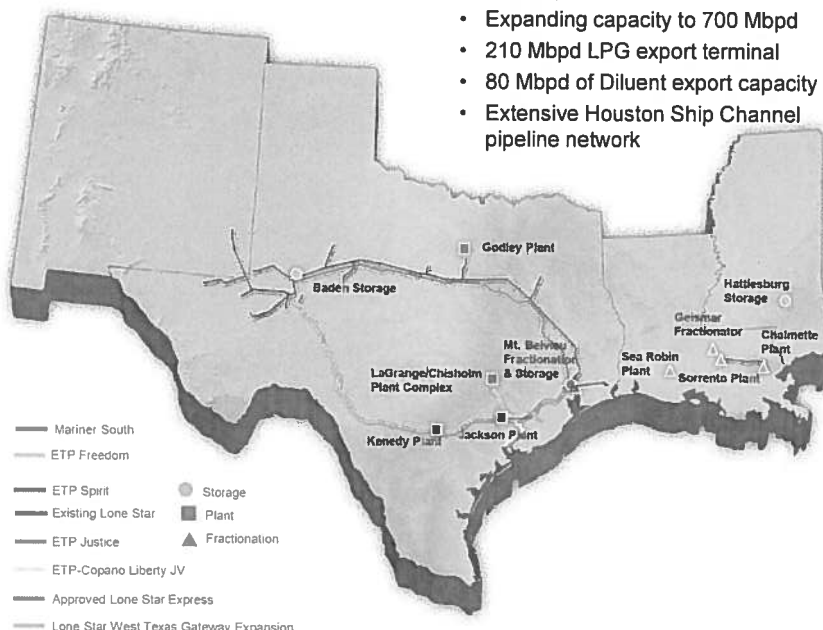
- Two 100,000 Bpd fractionators at Mont Belvieu
- Third (Jan 2016) and fourth (Dec 2016) fractionators announced
- Ability to build a total of 6 Mont Belvieu fractionators on current footprint

Lone Star Refinery Services

- Two cryogenic processing plants
- 25,000 Bpd fractionator at Geismar, LA
- Raw make truck rack

Liberty JV

- 50% joint venture interest
- 87-mile Liberty NGL pipeline
- 83-mile Rio Bravo crude pipeline



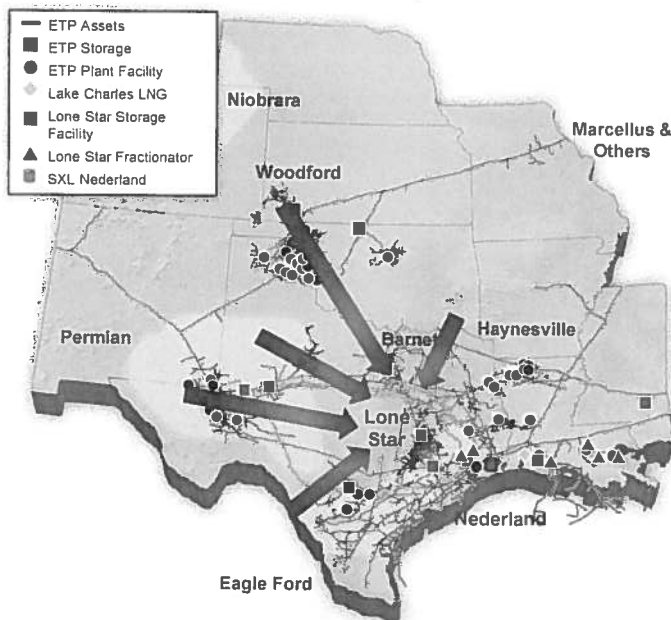
- Mariner South
- ETP Freedom
- ETP Spirit
- Existing Lone Star
- ETP Justice
- ETP-Copano Liberty JV
- Approved Lone Star Express
- Lone Star West Texas Gateway Expansion
- Storage
- Plant
- ▲ Fractionation

80% – 85% fee-based contracts

10

POWER TO ACCELERATE NGL FLOWS TO LONE STAR

Lone Star Asset Map



Lone Star Opportunities

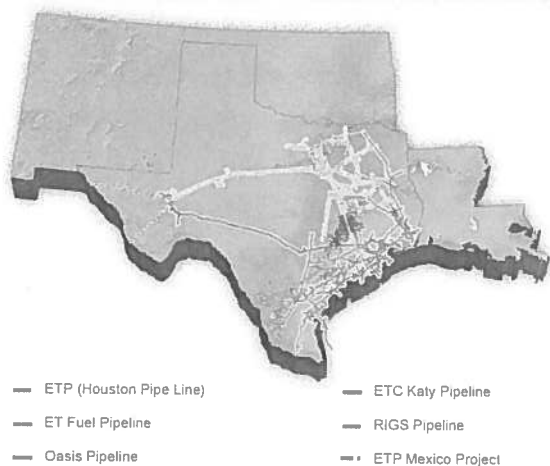
➤ Announced Projects

- Lone Star Express NGL Pipeline
- Conversion of existing 12" NGL line to crude oil service
- 100 Mbpd Fractionator III is expected in-service January 2016
- 120 Mbpd Frac IV is expected in-service December 2016

Lone Star is Among the Best Positioned NGL Businesses in Mont Belvieu

TEXAS / SOUTHWEST INTRASTATE PIPELINE ASSETS

Intrastate Asset Map



- Over 8,200 miles of intrastate pipelines
- ~16 Bcf/d of throughput capacity
- 64 Bcf of owned storage capacity
- 70% - 80% fee-based contracts

Intrastate Highlights

- ETP's Intrastate Assets will benefit from residue gas production and emergence of Mexico, Petchem and LNG markets along the Gulf Coast
- Natural gas volumes continue to grow in the Eagle Ford and Permian as producers maintain active wet gas and crude oil drilling programs
- Our Intrastate Segment is well-positioned to capture additional revenues from anticipated changes in natural gas supply and demand in the next five years
- Volumes on the Regency Intrastate Gas System (RIGS) associated with new Cotton Valley drilling around Terryville gathering system continue to increase

	In Service				
	Capacity (Bcf/d)	Pipeline (Miles)	Storage Capacity (Bcf)	Bi-Directional Capabilities	Major Connect Hubs
ET Fuel Pipeline	5.2	2,870	11.2	Yes	Waha, Katy, Carthage
Oasis Pipeline	1.2	600	NA	Yes	Waha, Katy
Houston Pipeline System	5.3	3,900	52.5	No	HSC, Katy, Agua Dulce
ETC Katy Pipeline	2.4	370	NA	No	Katy
RIGS	2.1	450	NA	No	Union Power, LA Tech

ENERGY TRANSFER PARTNERS, L.P. REGENCY ENERGY PARTNERS LP

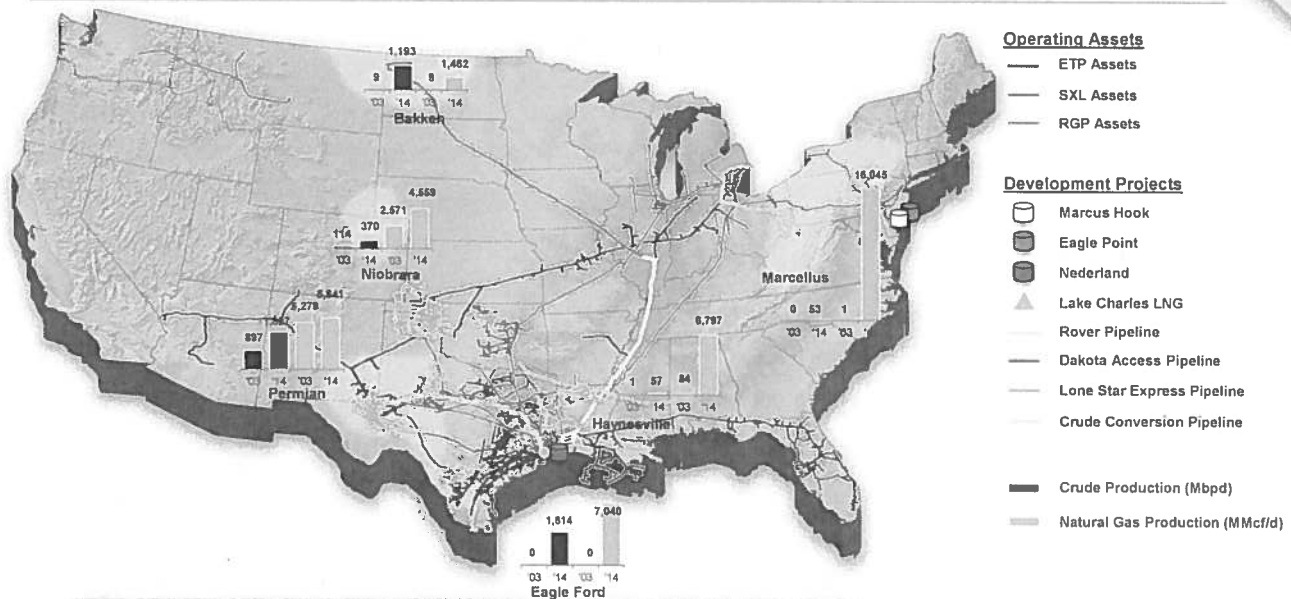
ETP's Merger with Regency

January 30, 2015

ENERGY TRANSFER



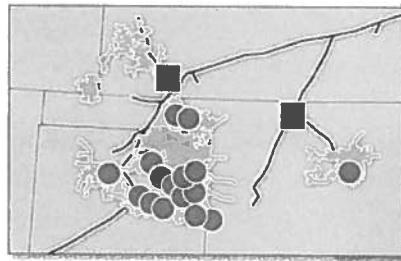
OPERATING ASSETS ALIGNED WITH THE MOST PROLIFIC SHALE BASINS IN THE U.S.



Asset Summary ⁽¹⁾	ETP	Regency	Pro Forma
Pipeline (miles)	35,000	27,270	62,270
Gathering & Processing Throughput (MMBtu/d)	3,054,000	5,680,000	8,734,000
NGL Production (Mbpd)	191	178	369
Natural Gas Transported (MMBtu/d)	14,391,000	1,860,926	16,251,634

SIGNIFICANT SCALE, SCOPE AND OVERLAP IN TEXAS, MIDCONTINENT AND THE GULF COAST

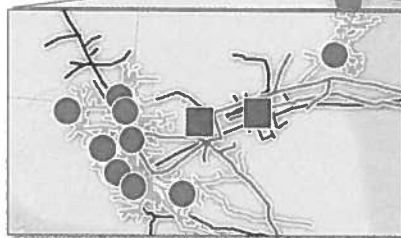
Panhandle



Niobrara



West Texas

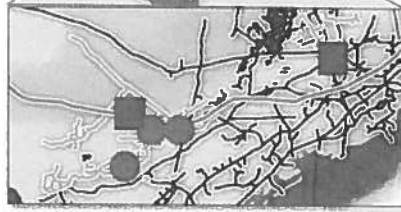


Permian

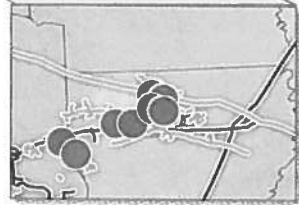
Eagle Ford



South Texas



RIGS/MEP

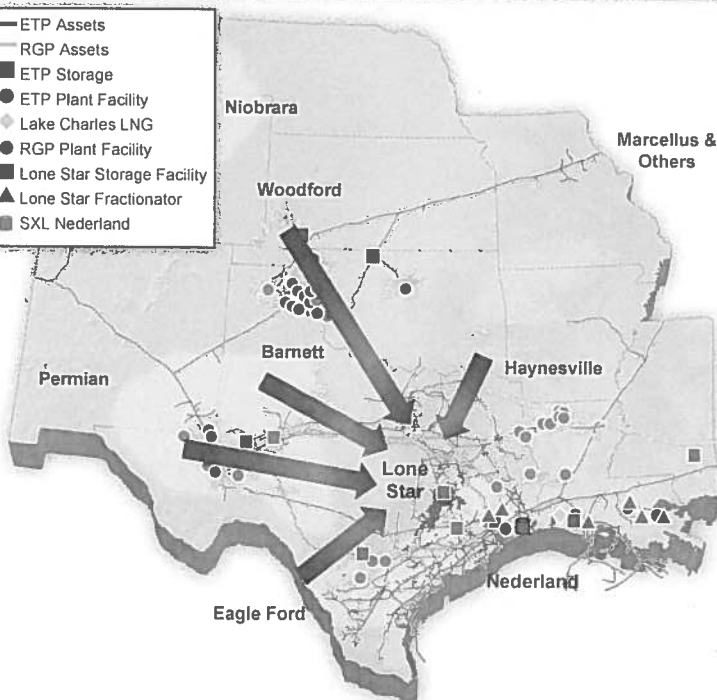


- ETP Assets
- RGP Assets
- Lone Star Pipeline
- ETP Storage
- ETP Plant Facility
- ◆ Lake Charles LNG
- RGP Plant Facility
- Lone Star Storage Facility
- ▲ Lone Star Fractionator

ACCELERATING NGL FLOWS TO LONE STAR

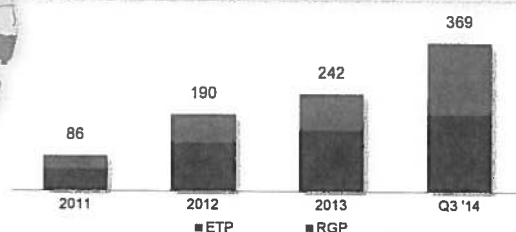
Lone Star is Among the Best Positioned NGL Businesses in Mont Belvieu

- ETP Assets
- RGP Assets
- ETP Storage
- ETP Plant Facility
- ◆ Lake Charles LNG
- RGP Plant Facility
- Lone Star Storage Facility
- ▲ Lone Star Fractionator
- SXL Nederland

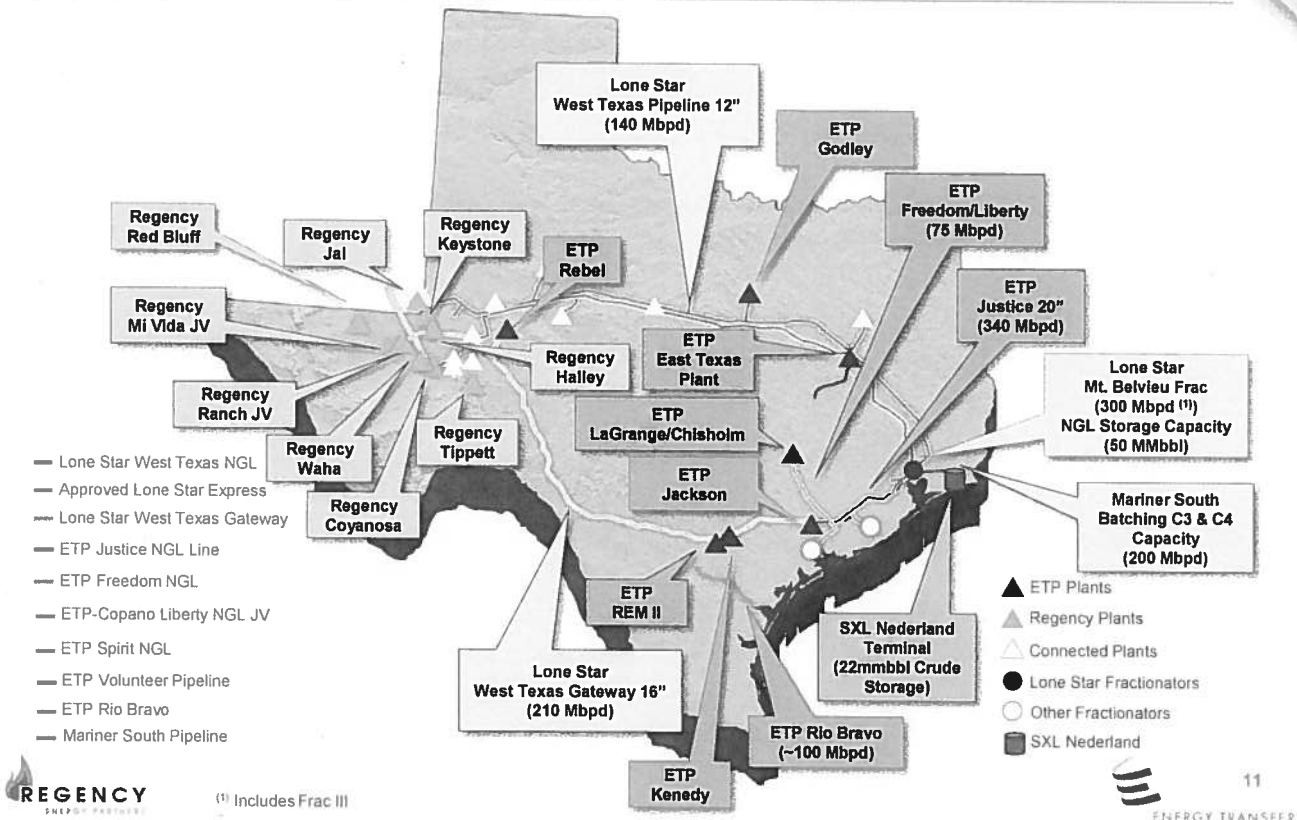


- Opportunity to move legacy PVR and EROC liquids volumes to Lone Star
- Enhances baseline business and positions Lone Star for further growth such as Fractionator IV
- Increased NGL production will support Mariner South JV with SXL for additional export opportunities
- Lone Star and SXL's Nederland terminal are world-class assets

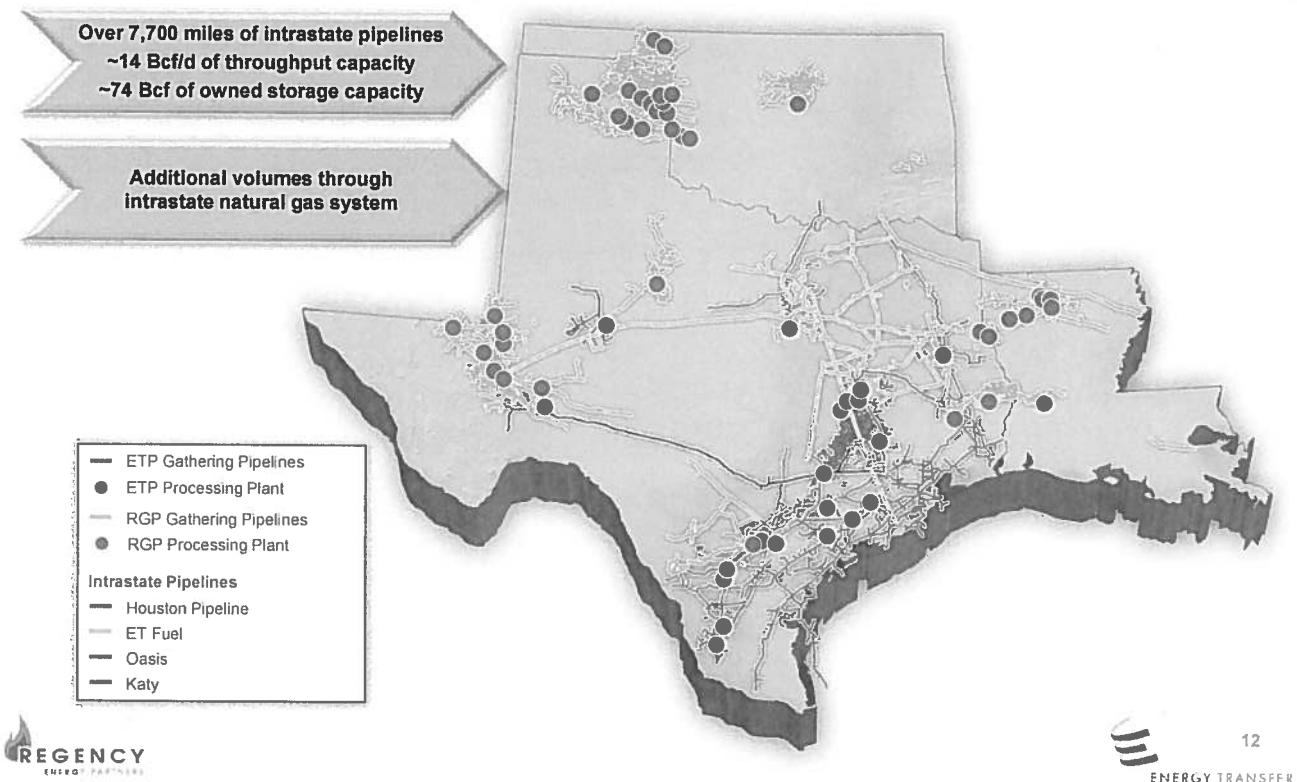
Combined NGL Production (Mbpd)

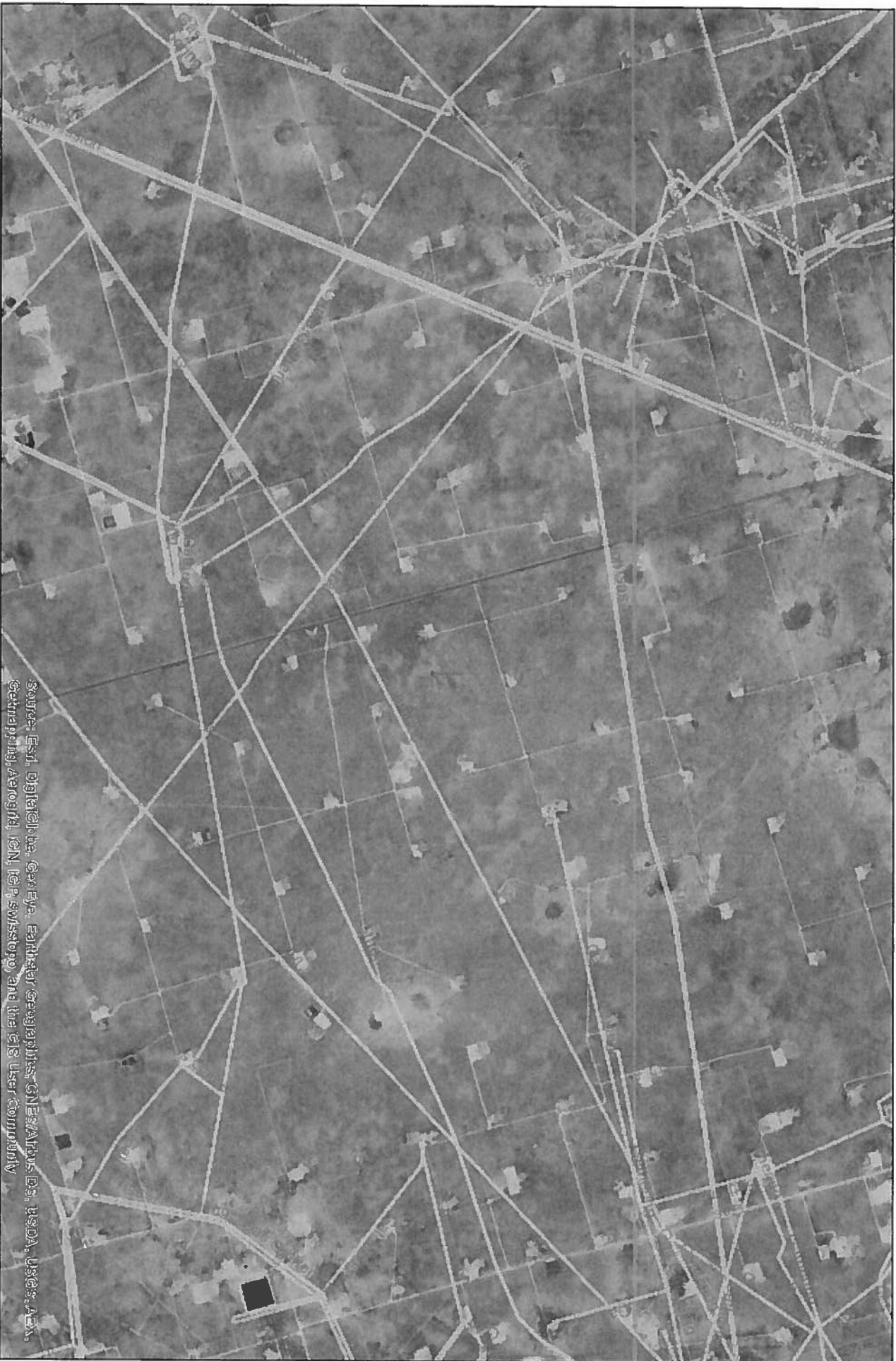


INTEGRATED MODEL DRIVES VALUE CREATION



FURTHER ENHANCES ETP'S BEST-IN-CLASS INTRASTATE NATURAL GAS SYSTEM





October 14, 2015

1 inch = 3,009 feet



Miles



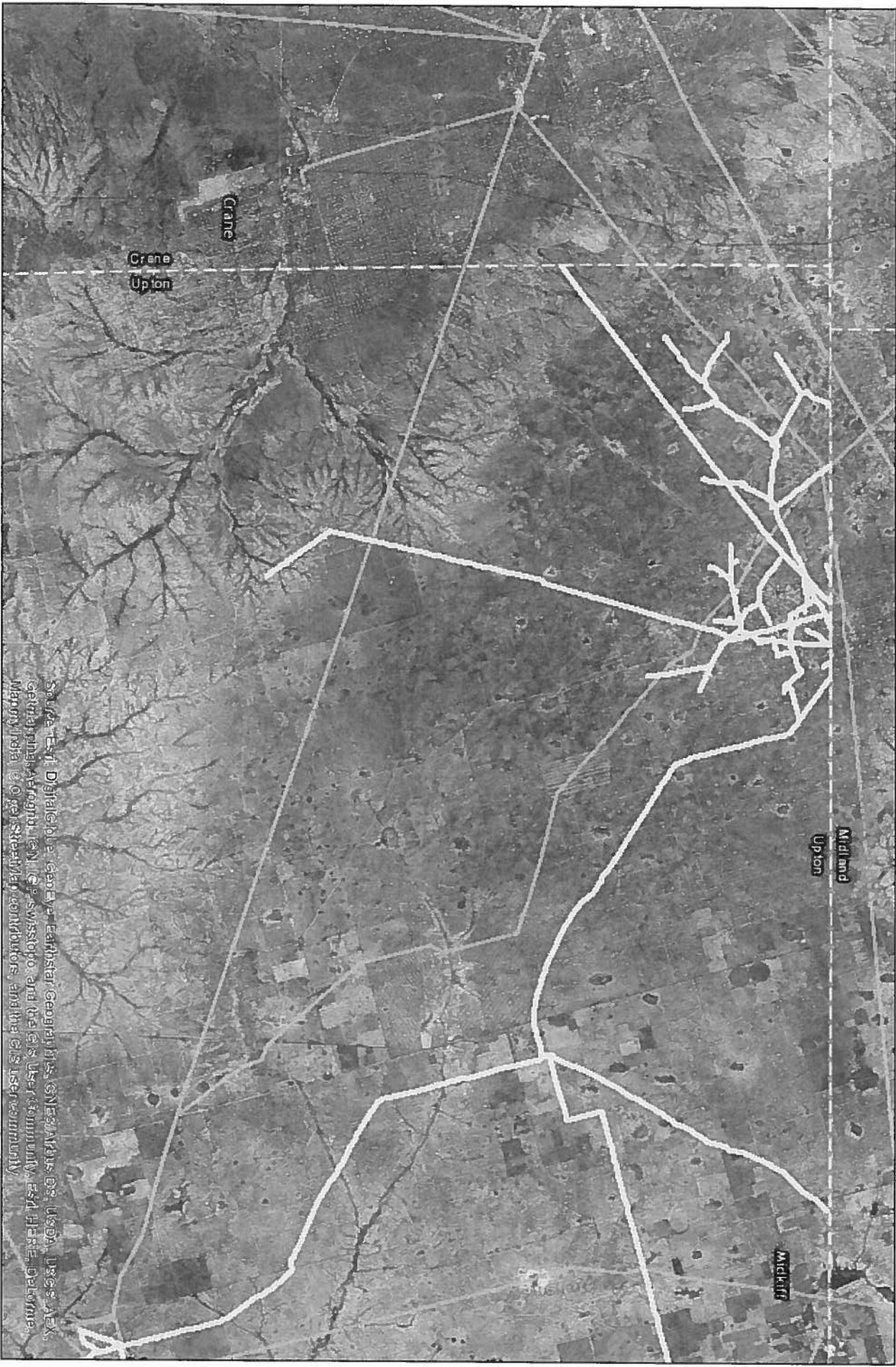
Feet

RAILROAD COMMISSION of TEXAS

PREPARED BY:

P.O. BOX 12967
AUSTIN, TX 78711-2967

NOTICE/DISCLAIMER: Mapping data sets are provided for informational purposes only. These data sets are continuously being updated and refined. Users are responsible for checking the accuracy, completeness, currency and/or suitability of these data sets themselves. This is not a survey grade product and should not be used to define or establish survey boundaries.



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, Aero
Geo, GeoEye, AeroImage, L3, SwissTopo, and the GIS User Community, Esri, HERE, DeLorme,
Mapbox, and OpenStreetMap contributors, and the GIS User Community

October 15, 2015

1 inch = 24,075 feet



RAILROAD COMMISSION of TEXAS

PREPARED BY:

P.O. BOX 12967
AUSTIN, TX 78711-2967

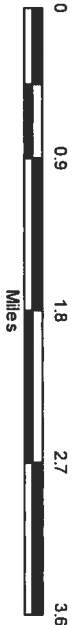
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Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, Aero
Vantage, AeroGRID, IGN, Sita, Swire, and the GIS User Community

October 14, 2015

1 inch = 6,019 feet



RAILROAD COMMISSION of TEXAS

PREPARED BY:

P.O. BOX 12967
AUSTIN, TX 78711-2967

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ENERGY TRANSFER EQUITY, L.P.

Credit Suisse Conference

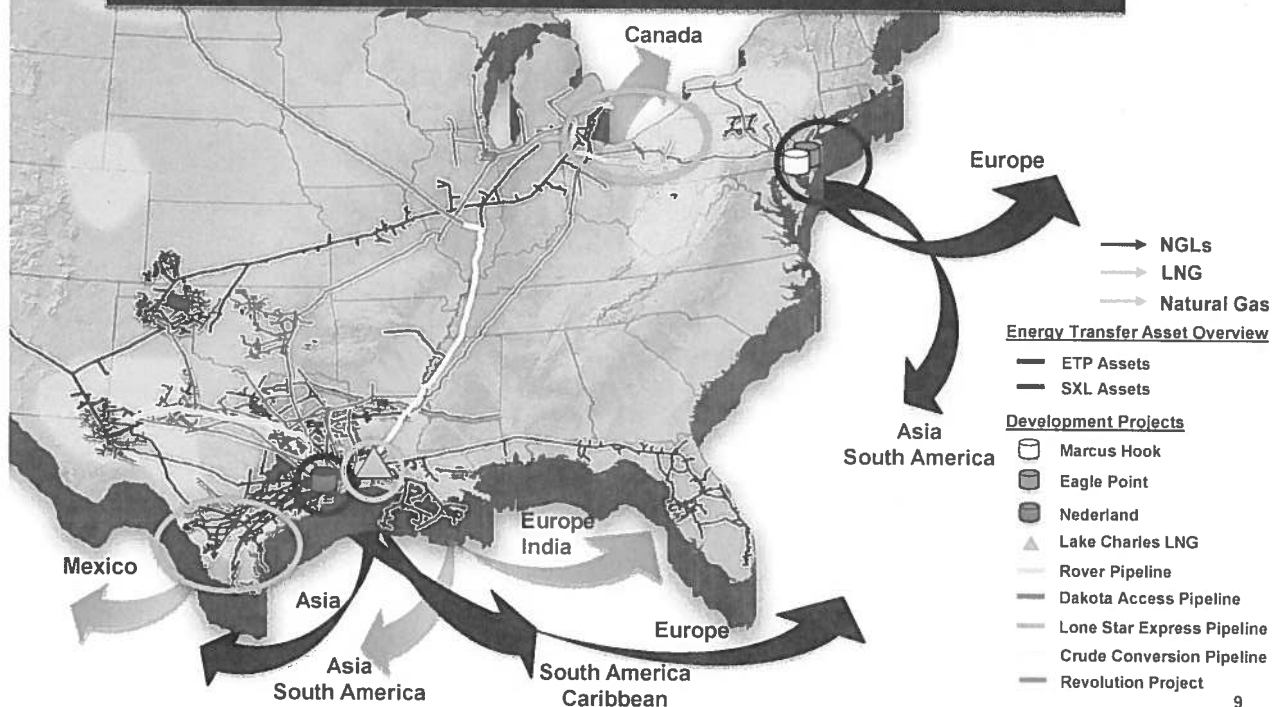
June 23, 2015

Jamie Welch
Group CFO

ENERGY TRANSFER

EXCEPTIONALLY WELL POSITIONED TO CAPITALIZE ON U.S. ENERGY EXPORTS

Asset base well-positioned to capture the changing supply and demand dynamics for condensates, natural gas, NGLs and LNG





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[Investor FAQs](#)



MIDSTREAM OPERATIONS

Through our midstream segment, we own and operate approximately 6,700 miles of in service natural gas and NGL gathering pipelines, 4 natural gas processing plants, 15 natural gas treating facilities, and 2 natural gas conditioning facilities. Our midstream segment focuses on the gathering, compression, treating, blending, processing and marketing of natural gas, and our operations are currently concentrated in the Austin Chalk trend and Eagle Ford Shale in South and Southeast Texas, the Permian Basin in West Texas and New Mexico, the Barnett Shale in North Texas, the Bossier Sands in East Texas, the Marcellus Shale in West Virginia, and the Haynesville Shale in East Texas and Louisiana. Many of these assets are integrated with our intrastate transportation and storage assets.

Our midstream segment results are derived primarily from margins we earn for natural gas volumes that are gathered, transported, purchased and sold through our pipeline systems and the natural gas and NGL volumes processed at our processing and treating facilities. We also market natural gas on our pipeline systems in addition to other pipeline systems to realize incremental revenue on gas purchased, increase pipeline utilization and provide other services that are valued by our customers.

Our assets in the midstream segment include:

Southeast Texas System

- Approximately 6,200 miles of natural gas pipeline
- One natural gas processing plant (the La Grange plant) with aggregate capacity of 205 MMcf/d
- 12 natural gas treating facilities with aggregate capacity of 1.8 Bcf/d
- One natural gas conditioning facilities with aggregate capacity of 200 MMcf/d

The Southeast Texas System is an integrated system that gathers, compresses, treats, processes and transports natural gas from the Austin Chalk trend. The Southeast Texas System is a large natural gas gathering system covering thirteen counties between Austin and Houston. This system is connected to the Katy Hub through the East Texas pipeline and is also connected to the Oasis pipeline, as well as two power plants. This allows us to bypass our processing plants and treating facilities when processing margins are unfavorable by blending untreated natural gas from the Southeast Texas System with natural gas on the Oasis pipeline while continuing to meet pipeline quality specifications.

The La Grange processing plant is a natural gas processing plant that processes the rich natural gas that flows through our system to produce residue gas and NGLs. Residue gas is delivered into our intrastate pipelines and NGLs are delivered into our recently acquired or completed pipelines.

Our treating facilities remove carbon dioxide and hydrogen sulfide from natural gas gathered into our system before the natural gas is introduced to transportation pipelines to ensure that the gas meets pipeline quality specifications. In addition, our conditioning facilities remove heavy hydrocarbons from the gas gathered into our systems so the gas can

be redelivered and meet downstream pipeline hydrocarbon dew point specifications.

North Texas System

- Approximately 160 miles of natural gas pipeline
- One natural gas processing plant (the Godley plant) with aggregate capacity of 480 MMcf/d
- One natural gas conditioning facility with capacity of 100 MMcf/d

The North Texas System is an integrated system located in four counties in North Texas that gathers, compresses, treats, processes and transports natural gas from the Barnett and Woodford Shales. The system includes our Godley processing plant, which processes rich natural gas produced from the Barnett Shale and is integrated with the North Texas System and the ET Fuel System. The facility consists of a cryogenic processing plant and a conditioning facility.

Northern Louisiana Assets

- Approximately 280 miles of natural gas pipeline
- Three natural gas treating facilities with aggregate capacity of 385 MMcf/d

Our Northern Louisiana assets comprise several gathering systems in the Haynesville Shale with access to multiple markets through interconnects with several pipelines, including our Tiger pipeline. Our Northern Louisiana assets include the Bistineau, Creedence, and Tristate Systems.

Rich Eagle Ford Mainline System

- Approximately 220 miles of natural gas pipeline
- Two processing plants (Chisholm and Kenedy) with capacity of 325 MMcf/d

The Rich Eagle Ford Mainline gathering system consists of 30-inch and 42-inch natural gas transportation pipelines delivering 1.0 Bcf/d of capacity originating in Dimmitt County, Texas and extending to our Chisholm pipeline for ultimate deliveries to our existing processing plants. Our Chisholm and Kenedy processing plants are connected to our intrastate transportation pipeline systems for deliveries of residue gas and are also connected with our NGL pipelines for delivery of NGLs.

Other Midstream Assets

The midstream segment also includes our interest in various assets located in Texas, Louisiana, and New Mexico, with gathering pipelines aggregating a combined capacity of 115 MMcf/d, as well as one conditioning facility. We also own gathering pipelines serving the Marcellus Shale in West Virginia with aggregate capacity of approximately 250 MMcf/d.

Marketing Operations

We conduct marketing operations in which we market the natural gas that flows through our gathering and intrastate transportation assets, referred to as on-system gas. We also attract other customers by marketing volumes of natural gas that do not move through our assets, referred to as off-system gas. For both on-system and off-system gas, we purchase natural gas from natural gas producers and other suppliers and sell that natural gas to utilities, industrial consumers, other marketers and pipeline companies, thereby generating gross margins based upon the difference between the purchase and resale prices of natural gas, less the costs of transportation.

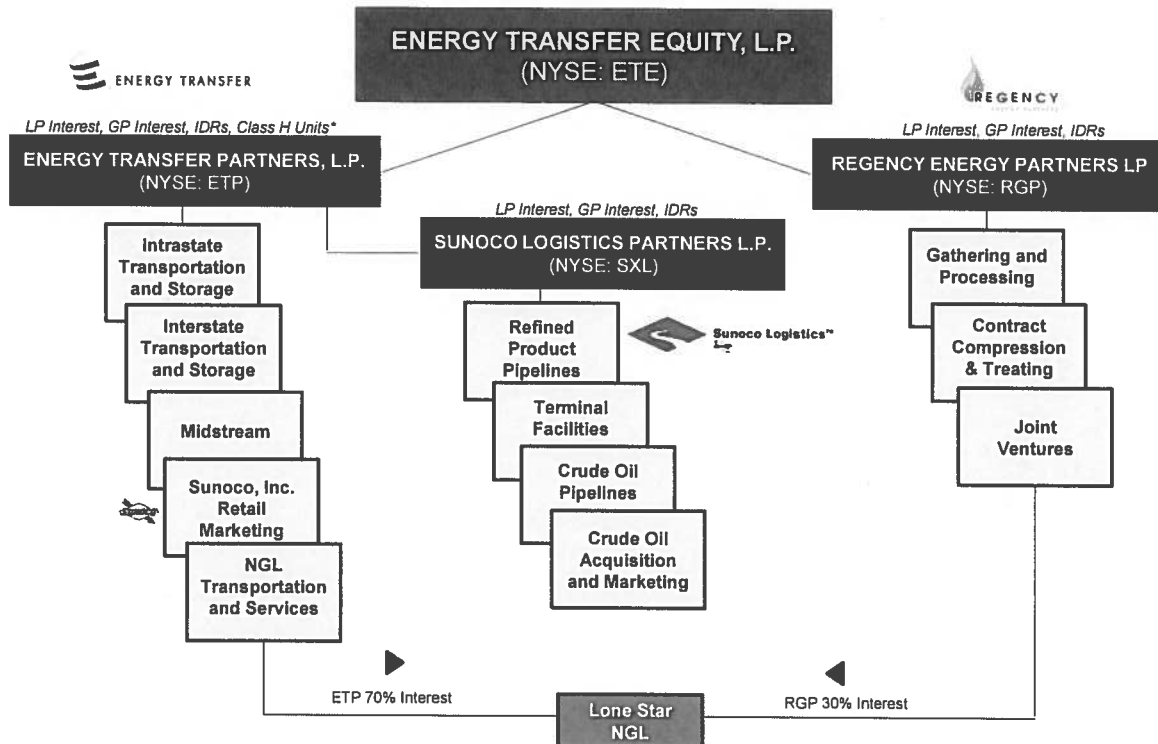
For the off-system gas, we purchase gas or act as an agent for small independent producers that do not have marketing operations. We develop relationships with natural gas producers to facilitate the purchase of their production on a long-term basis. We believe that this business provides us with strategic insight and market intelligence, which may impact our expansion and acquisition strategy.

Natural Gas Society of East Texas Pipeline Roundtable

March 20, 2014



ENERGY TRANSFER FAMILY OF COMPANIES



* Class H Units track 50% of the SXL GP and IDR economics

ENERGY TRANSFER DIVERSIFIED ASSET PORTFOLIO

*Energy Transfer is a multi-MLP family that offers a full suite of services to producers in many of the **most prolific shale plays***

- North Texas (Barnett Shale)
- East Texas (Bossier/Haynesville)
- West Texas (Permian Basin)
- Texas Gulf Coast
- Eagle Ford Shale
- Arkansas (Fayetteville Shale)
- Louisiana (Haynesville Shale)
- Texas/Oklahoma Panhandle (Anadarko Basin)
- Northeast (Marcellus Shale)

Fully consolidated, Energy Transfer owns approximately:

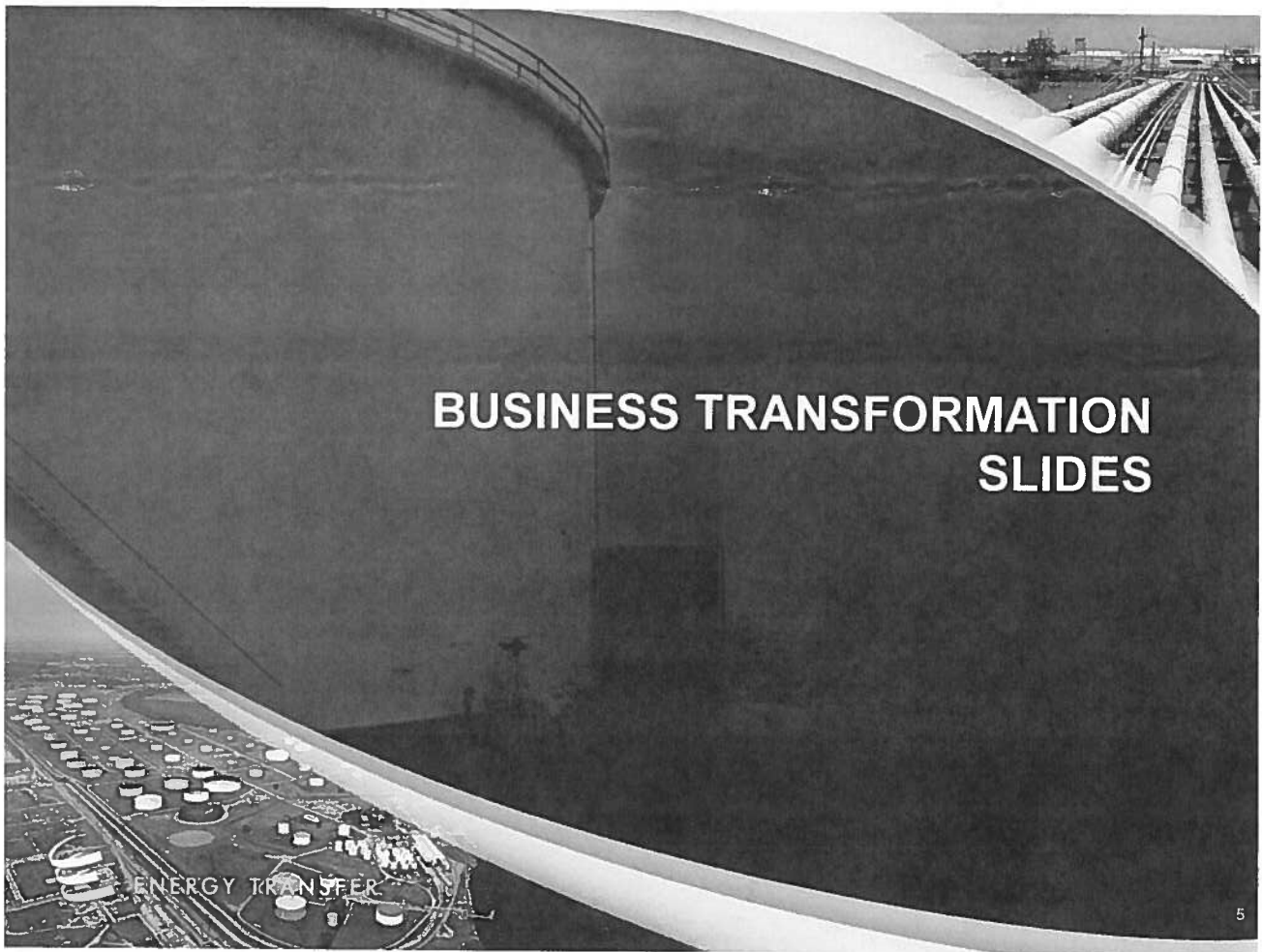
- **56,000+** miles of gathering and transportation pipelines
- **56+** natural gas and NGL facilities
- **176 Bcf** of natural gas storage capacity
- **48 million bbls** NGL storage capacity
- **3** fractionators
- **40+** active refined products marketing terminals
- **5,000+** retail locations

3

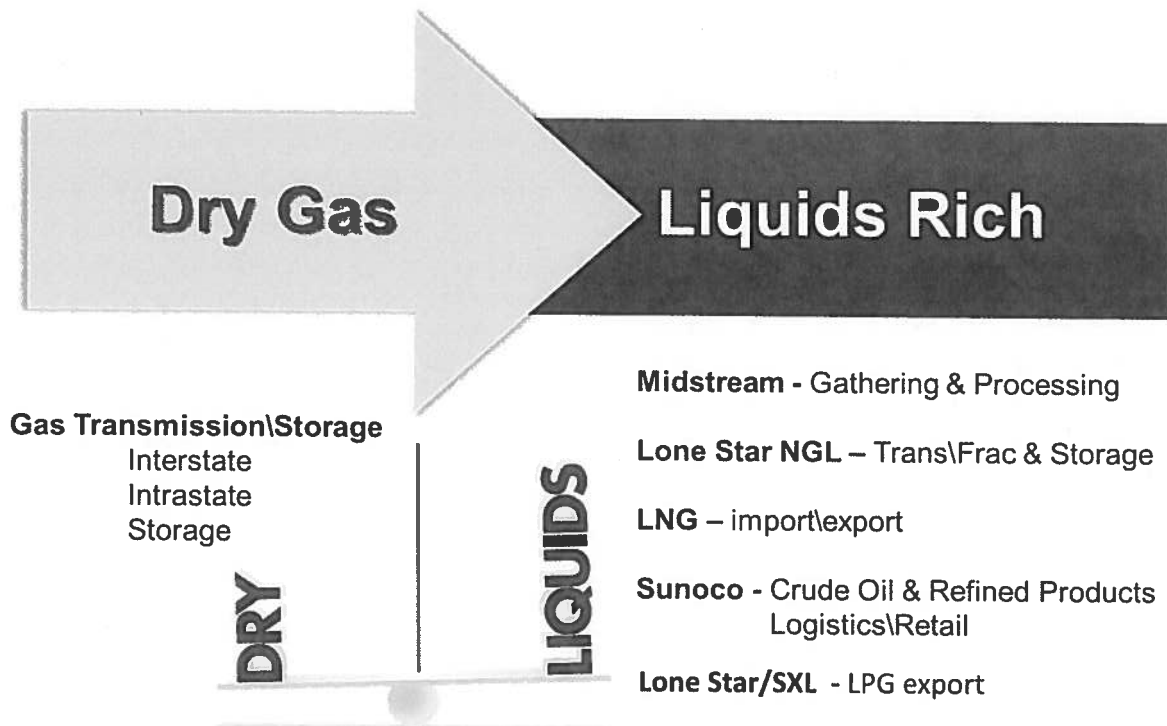
ENERGY TRANSFER TODAY



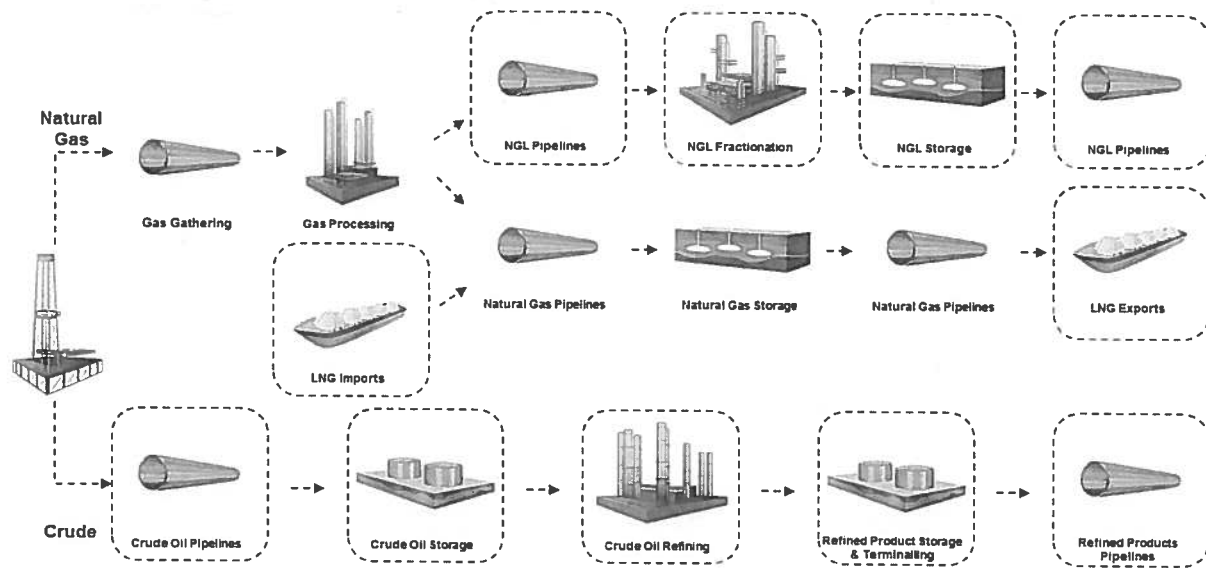
4



BUSINESS MODEL TRANSFORMATION



BUSINESS MODEL TRANSFORMATION



Recent acquisitions have diversified Energy Transfer into all areas of the midstream value chain, allowing us to provide enhanced operational capabilities to our customers

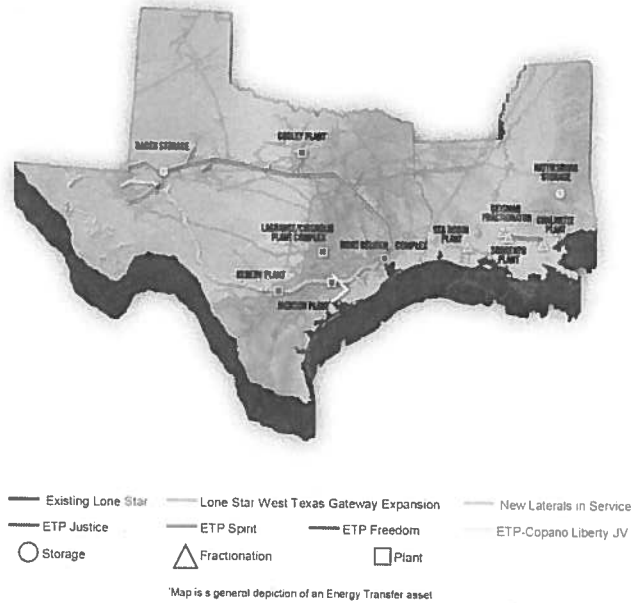
 Services added through recent acquisitions

7

DEVELOPMENT SLIDES

- Jackson Processing Plant –
 - 400 MMcf/d of capacity placed in service in 1Q 2013
 - 200 MMcf/d of capacity expected to be in service in 4Q 2013
 - 200 MMcf/d of capacity expected to be in service in 2Q 2014
- Godley Plant Expansion – 200 MMcf/d of capacity placed in service June 2013 - bringing total capacity to 700 MMcf/d
- Rich Eagle-Ford Mainline (REM) – Expansion to 1 Bcf/d expected in 1Q 2014

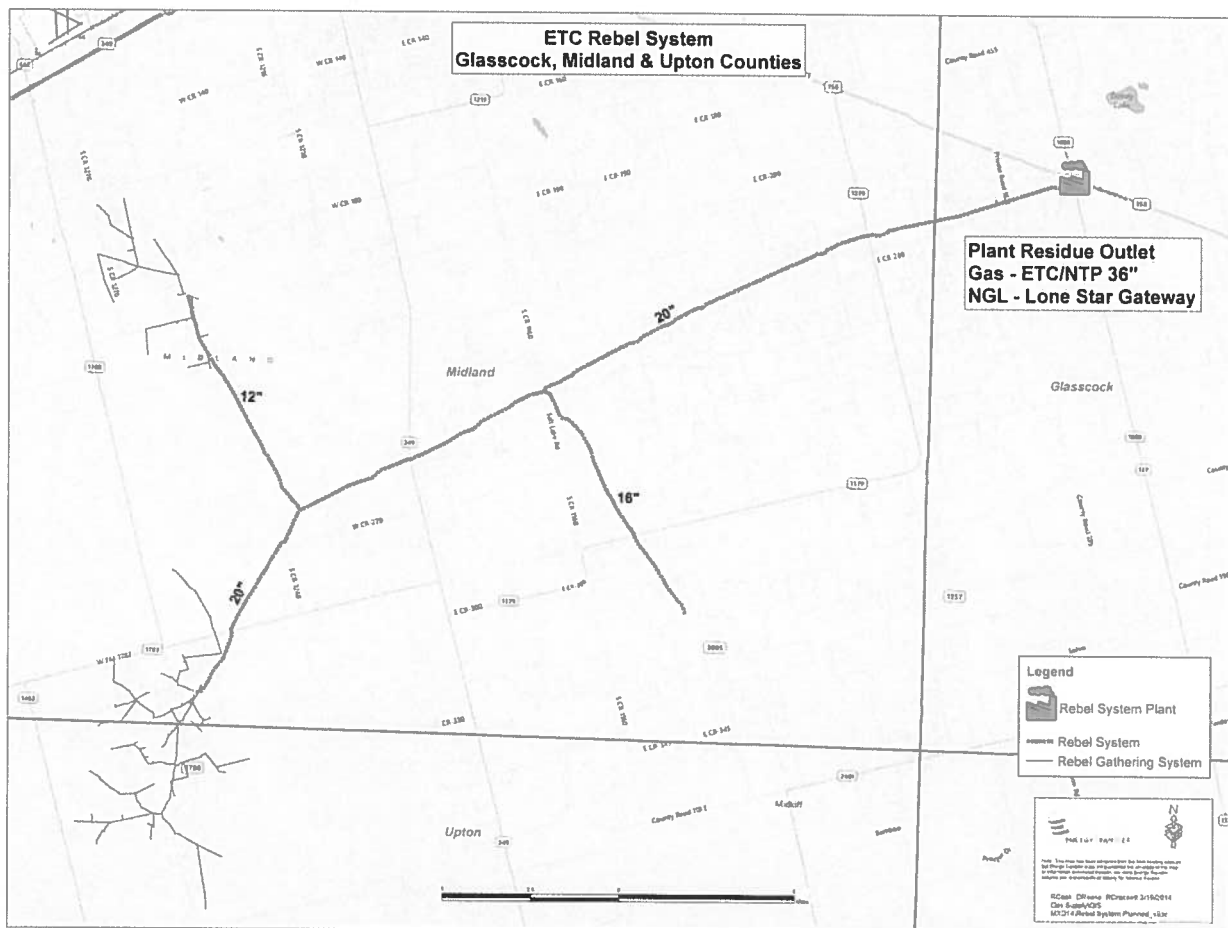
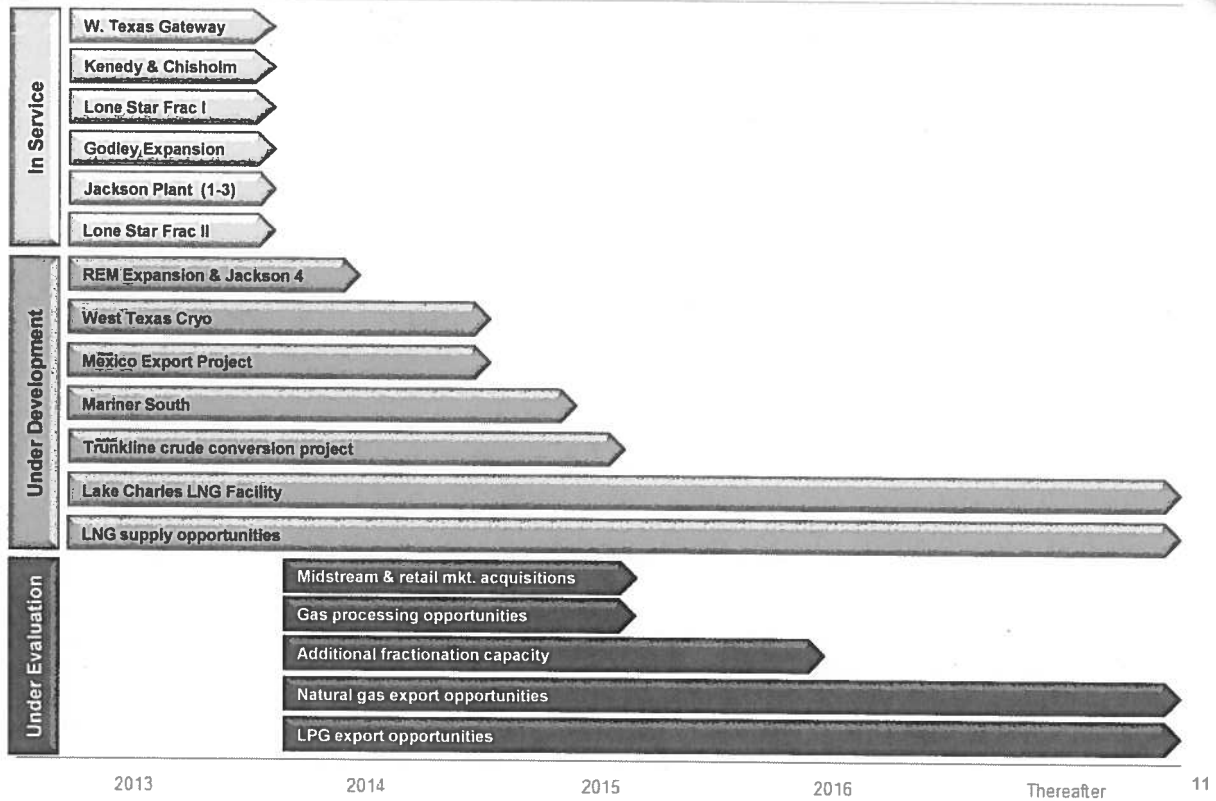
- West Texas Gateway NGL Pipeline – 570 miles of 16-inch pipe with capacity of 209,000 bpd placed in service in 4Q 2012
- Frac I – capacity of 100,000 bpd placed in service in 4Q 2012
- Frac II – capacity of 100,000 bpd is proceeding ahead of schedule and is now expected to be in service in 4Q 2013

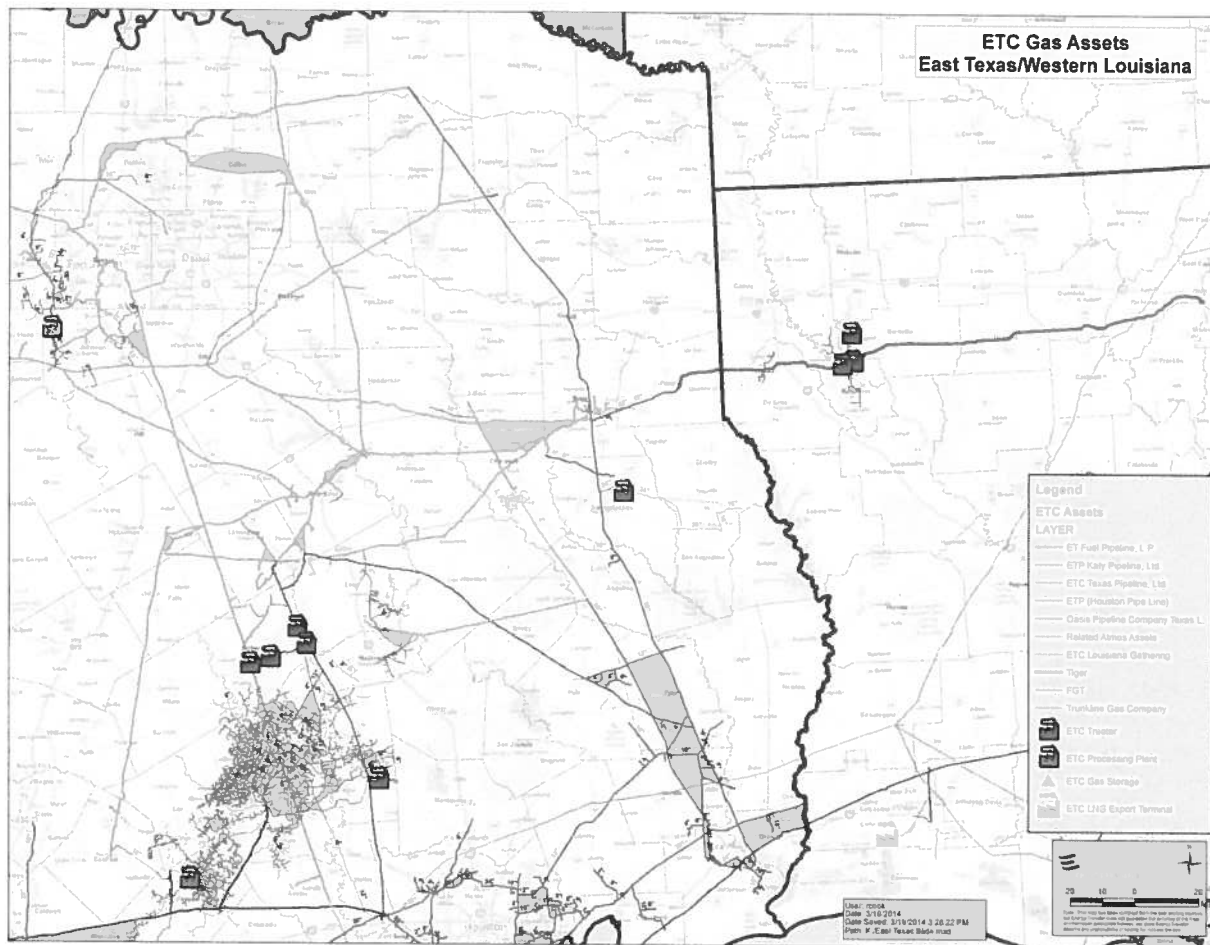


Frac 1 - 100 Mbps Dec 12'
Frac 2 - 100 Mbps Dec 13'
Frac 3 & 4 - ?



WHAT WILL DRIVE ETP'S FUTURE GROWTH?





CONTACT INFORMATION

- **David Flowers – Manager Commercial Operations**
214-981-0734 office
214-300-5052 cell
- **Lawson Crain – Associate Commercial Operations**
214-981-0781 office
832-492-9825 cell
- **Trey Bankhead– Commercial Operations Representative**
214-981-0759 office
214-491-0897 cell